

AMENDED IN ASSEMBLY APRIL 23, 2009

CALIFORNIA LEGISLATURE—2009—10 REGULAR SESSION

ASSEMBLY BILL

No. 551

**Introduced by Assembly Member Furutani
(Principal coauthor: Assembly Member Blakeslee)**

February 25, 2009

An act to add Section ~~84751.3~~ to the Education Code, relating to ~~community colleges~~, 97.24 to the Revenue and Taxation Code, relating to education funding, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 551, as amended, Furutani. Community colleges: property tax revenues.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to

the Educational Revenue Augmentation Fund (ERAF) in that county for allocation to school districts, community college districts, and the county office of education.

Existing law defines an excess tax school entity as an educational agency for which the amount of the state funding entitlement determined under certain provisions of existing law is zero.

This bill, commencing with the 2009–10 fiscal year, would reduce the amount of property tax revenue allocated to each community college district, except districts meeting the criteria of an excess tax school entity, as defined, by 25% and require those revenues to be deposited instead in the county ERAF for allocation to school districts and county offices of education.

The bill would also require districts meeting the criteria of an excess tax school entity to decide whether to retain its current distribution of property tax revenues or participate in the distribution of property tax revenues provided by this bill.

~~Existing law requires the Board of Governors of the California Community Colleges, in calculating each community college district's revenue level for each fiscal year, to subtract, among other things, local property tax revenue specified by law for general operating support, exclusive of bond interest and redemption, from the total revenues owed.~~

~~This bill would require the annual Budget Act to specify the total local property tax revenue, as defined, for community college districts upon which the General Fund appropriation for community college districts is based.~~

~~The bill would require the Chancellor of the California Community Colleges to certify to the Controller the actual property tax revenue for the prior year.~~

~~The bill would require the Controller to transfer funds between the General Fund and Section B of the State School Fund, as applicable, based on whether the amount of property tax revenue received plus any previous amount transferred to Section B of the State School Fund is greater than or less than the amount specified in the annual Budget Act. The bill would thereby make an appropriation. To the extent that the funds appropriated by this bill are allocated to community college districts for purposes of the bill, the funds may be applied toward the minimum funding requirements imposed by Section 8 of Article XVI of the California Constitution.~~

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 97.24 is added to the Revenue and
2 Taxation Code, to read:
3 97.24. (a) (1) Notwithstanding any other provision of this
4 chapter, commencing with the 2009–10 fiscal year, the amount of
5 property tax revenue allocated to each community college district,
6 except for those districts that in 2008–09 met the definition of an
7 “excess tax school entity” as defined in subdivision (n) of Section
8 95, shall not exceed the amount allocated in the 2008–09 fiscal
9 year, multiplied by 0.75.
10 (2) The amount of property tax revenues not allocated to a
11 community college district as a result of this subdivision shall be
12 deposited in the county Educational Revenue Augmentation Fund
13 and allocated to school districts and county offices of education.
14 (3) By December 12, 2009, a community college district that
15 was an excess tax school entity in the 2008–09 fiscal year shall
16 provide a written affirmative decision to the Department of Finance
17 to do either of the following:
18 (A) Continue to retain its current distribution of property tax
19 revenues for the 2009–10 fiscal year, and each subsequent fiscal
20 year thereafter.
21 (B) Agree to a distribution of property taxes for the district as
22 described in subdivision (a) of this section for the 2009–10 fiscal
23 year and each subsequent fiscal year.
24 (b) (1) This section shall not be construed to increase any
25 allocations of excess, additional, or remaining funds that would
26 otherwise have been allocated to cities, counties, cities and
27 counties, or special districts pursuant to clause (i) of subparagraph
28 (B) of paragraph (4) of subdivision (d) of Section 97.2 of, clause
29 (i) of subparagraph (B) of paragraph (4) of subdivision (d) of
30 Section 97.3 of, or Article 4 (commencing with Section 98) had
31 this section not been enacted.
32 (2) Notwithstanding any other law, no funds deposited in the
33 county Educational Revenue Augmentation Fund pursuant to
34 subdivision (a) shall be distributed to a community college district.

1 ~~SECTION 1. Section 84751.3 is added to the Education Code,~~
2 ~~to read:~~

3 ~~84751.3. (a) The annual Budget Act shall specify the total~~
4 ~~local property tax revenue (net of excess) for community college~~
5 ~~districts upon which the General Fund appropriation for community~~
6 ~~college districts is based. For purposes of this section, “total local~~
7 ~~property tax revenue” means local property tax revenue as~~
8 ~~described in subdivisions (a) and (d) of Section 84751, and does~~
9 ~~not include the revenue described in subdivision (b) of Section~~
10 ~~84751.~~

11 ~~(b) The Chancellor of the California Community Colleges shall~~
12 ~~certify to the Controller, on or before December 31 of each year,~~
13 ~~the actual property tax revenue for the prior year based on~~
14 ~~information reported on each district’s Annual Financial and~~
15 ~~Budget Report.~~

16 ~~(c) If the total amount of property tax revenue identified in~~
17 ~~subdivision (a) is greater than the amount of property tax revenue~~
18 ~~identified in subdivision (b) plus any previous amount transferred~~
19 ~~to Section B of the State School Fund pursuant to this section for~~
20 ~~the same period, the Controller, at the time of the next general~~
21 ~~apportionment certification by the chancellor, shall transfer an~~
22 ~~amount equal to the difference from the General Fund to Section~~
23 ~~B of the State School Fund for the purposes of Section 84750.5.~~
24 ~~If the amount of property tax revenue identified in subdivision (b)~~
25 ~~plus any previous amount transferred to Section B of the State~~
26 ~~School Fund pursuant to this section is greater than the amount of~~
27 ~~property tax revenue identified in subdivision (a) for the same~~
28 ~~period, the Controller, at the time of the next general apportionment~~
29 ~~certification by the chancellor, shall transfer an amount equal to~~
30 ~~the difference from Section B of the State School Fund to the~~
31 ~~General Fund.~~